

International Property Securities Exchange

January 2019



Published by
Roger
Thornton

The Financial Conduct Authority (FCA) has recently granted the International Property Securities Exchange (IPsx) recognised investment exchange status.

It paves the way for IPSX to establish the first regulated exchange dedicated to commercial real estate. The current principal shareholders in IPSX are British Land, Henley Investment Management Limited and M7.

IPsx will enable real estate owners to sell shares in a company that holds an individual commercial property, on the Exchange. In order to be admitted for trading a company must:

- own a single commercial property asset, which to make the float worthwhile is likely to have a market value of at least £50 million;
- sell a minimum of 25% of that company's shares at the point of admission to the Exchange; and
- limit the debt of the company to 40% of the value of the property.

Following a traditional Initial Public Offering (IPO) model, the initial share price will be set for the floatation and then the price will be determined by the market.

The IPSX will therefore open up a new route for investing in real estate. It will allow owners access to a broader range of investors and alternative options for realising value from their commercial property investments. Investors will be able to target individual properties, without needing to own 100% of the asset or to invest in REITs or real estate funds. Ryan Severino, Chief Economist at JLL commented that, "to date, publicly-traded real estate companies have generally offered more diversified portfolios. The idea with the IPSX is to make it easier to take single building entities public".

So for the first time investors will be able to invest in a specific asset and have direct sight of revenues and costs relating to that asset. The IPSX will mean owners of a very large building can create liquidity for an asset that otherwise might be difficult, slow and expensive to trade. The Exchange also offers a way for owners to release value from assets without the traditional routes of sale and leaseback or a joint venture.

It has been reported that IPSX has put forward proposals to the Football Association for a £600 million listing of Wembley stadium on the Exchange. This follows the unsuccessful offer by Shahid Khan to buy the 90,000 seater stadium. Speaking to Sky News last October, IPSX founder and chair Anthony Gahan said that Wembley is not the only football stadium which IPSX is considering as potential candidates for an IPO.

The first IPO is expected in the first quarter of 2019, with a number of issuers lining up commercial property for launch. Potentially this is a game changer for commercial property owners, investors and advisers. It will be very interesting to see how it develops.



Maples Teesdale advises CLS Holdings plc on letting of One Elmfield Park



Maples Teesdale advises Ellandi on the sale of Grays Shopping Centre



Maples Teesdale advises UK Commercial Property REIT on the acquisition of the White Building